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BIWEEKLY REPORT

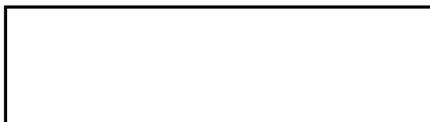
**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

2 JAN 1959 RECD V

**EIC-WGR-1/75
22 December 1958**

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
5 - 18 December 1958

On 11 December, Iraq received the second consignment of Soviet military equipment, including tanks, under the recent Soviet-Iraqi arms agreement. Between 30 and 40 Soviet personnel, possibly technicians, are reported to have arrived in Iraq about the time of the first arms delivery.

Four Soviet submarine chasers reportedly are en route to Indonesia. It is believed that these vessels and 4 other Soviet submarine chasers delivered to Indonesia in October 1958 are the 8 vessels of this category for which Indonesia contracted with Poland in 1958.

There has been no diminution of Soviet economic pressure on Finland. Soviet indifference to Finnish proposals to negotiate on several economic agreements and a Soviet announcement of an intention to reduce the volume of Finnish imports have alarmed Finland, where economic conditions are already bad and unemployment is high. As a result of rising criticism, the Finnish cabinet has been forced to resign. The resumption of normal trade relations with the USSR seems to depend on the appointment of a cabinet acceptable to the USSR.

Recent setbacks to Bloc efforts at economic expansion in underdeveloped areas were the cool reception accorded to Soviet - Chinese Communist suggestions at the Afro-Asian Economic Conference in Cairo and the sharp attack on Chinese Communist trade practices made by an important member of the government of the Federation of Malaya.

In the Middle East and Africa the first consignment of Soviet goods under the Soviet-Egyptian economic aid agreement reached Alexandria; Sudan signed a barter agreement with Bulgaria; and Czechoslovakia offered Sudan a sugar refinery in exchange for cotton and made trade offers to Guinea, Ghana, Libya, and Ethiopia.

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The USSR has offered to train in the USSR 500 skilled Indian steelworkers, but India may be reluctant to accept this offer because of the susceptibility to Soviet propaganda of previous trainees. Nevertheless, an urgent requirement for trained personnel probably will be an important factor in India's consideration of the offer.

Argentina and the USSR are reported to have signed a contract under the \$100-million Soviet petroleum agreement by which Argentina will get Soviet vehicles, construction machinery, and oil drilling equipment. Argentina also concluded an interbank payments agreement with Communist China. An exchange of letters between Hungarian trade officials and an official Argentine mission provides for an exchange of \$50 million each way over the next 5 years.

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